



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	HB0512	<b>Title:</b>	Establish an eastern Montana crime laboratory
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<b>Primary Sponsor:</b>	Mortensen, Dale	<b>Status:</b>	As Introduced
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<input type="checkbox"/> Significant Local Gov Impact	<input checked="" type="checkbox"/> Needs to be included in HB 2	<input checked="" type="checkbox"/> Technical Concerns
<input type="checkbox"/> Included in the Executive Budget	<input type="checkbox"/> Significant Long-Term Impacts	<input type="checkbox"/> Dedicated Revenue Form Attached

	<u><b>FY 2016 Difference</b></u>	<u><b>FY 2017 Difference</b></u>	<u><b>FY 2018 Difference</b></u>	<u><b>FY 2019 Difference</b></u>
<b>Expenditures:</b>				
General Fund	\$5,800,000	\$1,800,000	\$1,552,598	\$1,619,745
Capital Projects Fund	\$5,800,000	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Capital Projects Fund	\$5,800,000	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u><u>(\$5,800,000)</u></u>	<u><u>(\$1,800,000)</u></u>	<u><u>(\$1,552,598)</u></u>	<u><u>(\$1,619,745)</u></u>

**Description of fiscal impact:** HB 512 would transfer \$5.8 million from the general fund to the long-range building program account in the capital projects fund type for the construction of a new, eastern branch of the laboratory of criminalistics to be built in Yellowstone County for use by the Department of Justice. The laboratory will require the department to hire 10.75 FTE and purchase or lease additional laboratory equipment. The Department of Administration would have the option of leasing a facility and using \$340,000 of the general fund transfer to cover lease cost for one biennium, if appropriate facilities are available.

## **FISCAL ANALYSIS**

### **Assumptions:**

1. HB 512 appropriates \$5.8M in the long-range building program to construct the laboratory in Yellowstone County beginning 7/1/2015. This expenditure is reflected in FY 2016.
2. HB 512 also contains language that allows the Department of Administration (DOA) to spend up to \$340,000 to secure appropriate leased facilities if the DOA determines that leasing facilities for the laboratory would be more appropriate.
3. It is assumed that facilities available for leasing will not meet the requirements of HB 512. For purposes of this fiscal note, it is assumed that the Eastern Montana facility will be built using the \$5.8 million appropriation and would be available for the DOJ to occupy the facility in October 2017.

**Department of Administration – Architecture and Engineering (A&E)**

4. A&E estimates that an appropriation of \$5.8 million will construct a facility of approximately 10,000 square feet. A&E utilized a North Dakota criminalistics laboratory completed in 2008 for \$281 per square foot construction cost as a comparison along with Engineering News Record inflationary value for 2008 through 2015.
5. It is assumed that the new eastern branch facility would be constructed on existing state-owned land with adequate existing utilities and direct vehicular access available.

**Department of Justice**

6. At 10,000 square feet, the Eastern Montana laboratory is estimated to be approximately 1/3 the capacity of the laboratory in Missoula. In order to staff a 10,000 square foot facility, the Department of Justice (DOJ) will require 10.75 additional FTE. These new FTE will require up to a year of training in the Western Montana facility. These FTE are assumed to begin employment on 10/1/2016, therefore all personal services costs are reflected at 75% in FY 2016.
7. Positions needed include: 1.00 Administrative Assistant, 1.00 Medical Examiner, 6.00 Forensic Scientists (Toxicologists/Chemists), 1.00 supervisory Forensic Scientist, 1.00 Autopsy Technician, and 0.75 Network Administrator.
8. The standard office package for an office setup and new computer are \$2,900 per FTE for a total of \$31,900 in FY 2017. Other one-time set up costs total \$9,000 in FY 2017.
9. Equipment needs necessitated by HB 512 include the purchase of 1 head space analyzer at a cost of \$80,000 (analyzing blood alcohol samples), 1 ELISA instrument at a cost of \$80,000 (toxicology screening), and 1 infrared IR spectrophotometer at a cost of \$25,000 (drug analysis) for a total of \$185,000 in costs that are one-time in nature in FY 2017.
10. Ongoing leasing commitments include: 3 LC/MS/MS (Toxicology screening instruments) at a cost of \$78,000 per year per instrument, and 2 GC/MS/MS at a cost of \$30,000 per year per instrument cost of (1 for Chemistry analysis and 1 for Toxicology analysis), for a total of \$294,000 per year beginning in FY 2016.
11. As noted above, the Eastern Montana laboratory is estimated to be approximately 1/3 the capacity of the laboratory in Missoula. Laboratory equipment and supplies are estimated at \$150,000 per year. Laboratory testing is estimated at \$22,838 per year. Electricity costs for the laboratory are estimated at an annual total of \$31,973 per year.
12. Information Technology (IT) related requirements to make the laboratory operational include the one-time only (OTO) costs of a network switch for \$5,000, the cost of cabling at \$5,000, cost of server and power backup at \$20,000 for a total of \$30,000 OTO information technology costs in FY 2017.
13. Ongoing IT costs include the 10MB fiber at \$10,236 per year, and server maintenance at \$2,000 per year for a total of \$12,236 ongoing information technology costs.
14. Fixed costs and office supplies are estimated to cost \$62,946 in FY 2017.
15. Other operational costs (training, per-diem, travel, lodging) of \$433,654 in FY 2016 are estimated to expend the remainder of the \$1.8 million appropriation contained in HB 512.
16. All expenditures are inflated at 1.5 percent in FY 2018 and FY 2019.

	<b><u>FY 2016 Difference</u></b>	<b><u>FY 2017 Difference</u></b>	<b><u>FY 2018 Difference</u></b>	<b><u>FY 2019 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
FTE	0.00	10.75	10.75	10.75
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$753,500	\$1,019,735	\$1,035,031
Operating Expenses	\$0	\$567,500	\$234,453	\$281,828
Equipment	\$0	\$185,000	\$0	\$0
Debt Service	\$0	\$294,000	\$298,410	\$302,886
Transfers	\$5,800,000	\$0	\$0	\$0
Construction	\$5,800,000			
<b>TOTAL Expenditures</b>	<b>\$11,600,000</b>	<b>\$1,800,000</b>	<b>\$1,552,598</b>	<b>\$1,619,745</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$5,800,000	\$1,800,000	\$1,552,598	\$1,619,745
Capital Projects Fund (05)	\$5,800,000	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<b>\$11,600,000</b>	<b>\$1,800,000</b>	<b>\$1,552,598</b>	<b>\$1,619,745</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Capital Projects Fund (05)	\$5,800,000	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$5,800,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$5,800,000)	(\$1,800,000)	(\$1,552,598)	(\$1,619,745)
Capital Projects Fund (05)	\$0	\$0	\$0	\$0

**Technical Notes:**

1. The appropriation in HB 512 does not support the requirements of the bill. New section 1(3) requires that "Each branch must be capable of performing all purposes, duties, and functions required by this part." This is taken to mean that the eastern branch must have all of the same sections and elements as the western branch. The western branch consists of sections performing forensic science in the areas of breath alcohol, drug chemistry, firearms/toolmarks, prints/impressions, pathology, serology/DNA, toxicology, and trace evidence. A morgue and secure evidence storage capacity would also be required. A&E estimates a new eastern branch with a budget of \$5.8 million will construct approximately 10,000 square feet. The existing western branch facility in Missoula consists of approximately 31,145 square feet. A 10,000 square foot facility is not capable of meeting the requirement in new section 1(3).
2. A&E has assumed appropriate, existing, state-owned land with utilities and access is available. If such property is not available, the purchase of land, installation of utilities, and access, will reduce the funding available for square footage of the new facility. Acquisition of land would require approval of the State Land Board.

3. Per governmental accounting guidelines and the Montana Operations Manual, Chapter 335, Section XIV, A&E believes a biennial lease would be considered an operational lease and not a capital lease. The long-range building program account is a capital projects fund type and per the mentioned guidelines, the division does not believe it permissible to make operating lease payments from the long-range building program account. If the lease option is exercised, A&E can transfer the \$340,000 to the Department of Justice in accordance with 18-2-105(3) MCA. The Department of Justice will be responsible for the lease payments.

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*